

EXHIBIT 12



From: Brownstein, David M
Sent: Fri 7/20/2018 6:20 PM (GMT-05:00)
To: Caton, Amy
Cc:
Bcc:
Subject: [EXTERNAL] FW: PREPA Proposal for FOMB
Attachments: 7.2018 PREPA_FOMB.AHG Proposals v3.pdf

Sent with BlackBerry Work
(www.blackberry.com)

From: Castiglioni, James [ICG-MKTS]
<jc82063@imcnam.ssmb.com<mailto:jc82063@imcnam.ssmb.com>>
Date: Friday, Jul 20, 2018, 6:23 PM
To: Brownstein, David M [ICG-MKTS]
<db23219@imcnam.ssmb.com<mailto:db23219@imcnam.ssmb.com>>
Cc: *MSD US CitiPuertoRico
<citipuertorico@imcnam.ssmb.com<mailto:citipuertorico@imcnam.ssmb.com>>
Subject: RE: PREPA Proposal for FOMB

David, please find attached.

James Castiglioni
Vice President | Public Finance Department, Citi

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From: Brownstein, David M [ICG-MKTS]
Sent: Friday, July 20, 2018 5:35 PM
To: Castiglioni, James [ICG-MKTS]
Subject: RE: PREPA Proposal for FOMB

Can you send me one without the charts and only with AdHocs fees. Thanks.

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(www.blackberry.com)
From: Castiglioni, James [ICG-MKTS]
<jc82063@imcnam.ssmb.com<<mailto:jc82063@imcnam.ssmb.com>>>
Date: Friday, Jul 20, 2018, 5:29 PM
To: Brownstein, David M [ICG-MKTS]
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Subject: RE: PREPA Proposal for FOMB

All, please find attached their terms put in a Citi format and in the back I've included two graphs, one without fuel lines and then the one with fuel lines that we presented to the Board.

James

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From: Brownstein, David M [ICG-MKTS]
Sent: Friday, July 20, 2018 2:33 PM
To: *MSD US CitiPuertoRico
Subject: FW: PREPA Proposal for FOMB

From: Byowitz, Alice J. [mailto:AByowitz@KRAMERLEVIN.com]
Sent: Friday, July 20, 2018 2:32 PM
To: Brownstein, David M [ICG-MKTS]; Green, Thomas H [ICG-MKTS]; Paul V Possinger - Proskauer Rose LLP (ppossinger@proskauer.com); mbienenstock@proskauer.com; ebarak@proskauer.com
Cc: Caton, Amy; Mayer, Thomas Moers; Segal, Steven
Subject: PREPA Proposal for FOMB

Martin, Paul, Ehud, Tom and David –

We really appreciate FOMB's latest proposal, which was delivered by Citigroup on July 19. Attached please find our response to your proposal. We hope this proposal bridges the gap, so we can work together to implement a deal that works for the people of Puerto Rico, for the FOMB, and for our group.

As discussed with Martin last night, our group has agreed to take the same recovery on the Relending Bonds as on the rest of the group's PREPA bonds and covert the foregone revenue into a waiver and support fee in the form of additional Tranche A bonds. The aggregate principal amount for the AHG support fee works out to \$60.131 million, and the aggregate principal amount for the additional fee for RSA parties works out to \$81.332 million. We are still finalizing these numbers.

Please let us know if you have any questions.

Thanks,
Alice

Alice J. Byowitz
Associate

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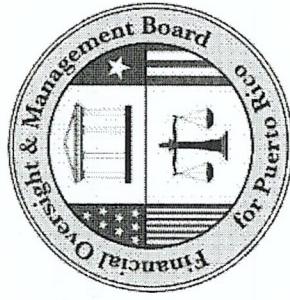
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PREPA Discussion Materials on AHG Proposal

July 20, 2018



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Counter to AHG Counter

Term	FOMB Counter to AHG	AHG Counter (7/20)
Transition Charge	<ul style="list-style-type: none"> • 2.604 c/kWh for Years 1-5 • 2.697 c/kWh for Years 6-10 • 2.837 c/kWh in Year 11 • Starting Year 12, annual 2.000% increases over the prior year's rate • Rate to be capped at 4.278 c/kWh (2050) 	<ul style="list-style-type: none"> • 2.636 c/kWh for Years 1-5 • 2.729 c/kWh for Years 6-10 • 2.868 c/kWh in Year 11 • Starting Year 12, annual 2.500% increases over the prior year's rate • Rate to be capped at 4.348 c/kWh (2050)
Exchange Ratio	<ul style="list-style-type: none"> • 100% of BPA Bonds to Tranche A • 65% of Legacy Bonds to Tranche A • 15% of Legacy Bonds to Tranche B 	<ul style="list-style-type: none"> • 67.5% of BPA Bonds to Tranche A • 10% of BPA Bonds to Tranche B • 67.5% of Legacy Bonds to Tranche A • 10% of Legacy Bonds to Tranche B
Growth ("Tranche B") Bonds	<ul style="list-style-type: none"> • Potential recovery capped at exchange amount plus PIK interest • PIK interest to accrue annually starting in year 1 • Tranche B receives 100% of total excess cash flow after repayment of Tranche A 	<ul style="list-style-type: none"> • Agreed
Bond Structure		<ul style="list-style-type: none"> • No change to Tranche A • Tranche B will mature at stated 45 year maturity and all unpaid debt service will expire unpaid

*Preliminary, Subject to Change.



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Counter to AHG Counter

Term	FOMIB Counter to AHG	AHG Counter (7/20)
Maturity	<ul style="list-style-type: none"> • Tranche A: 40 year legal final (35 year expected maturity) • Tranche B: 45 year legal final 	<ul style="list-style-type: none"> • Agreed
Debt Service Reserve Fund ("DSRF")	<ul style="list-style-type: none"> • Funded from first cash flow or by Ad Hoc Group at 5% but interest payment would be direct deduction from available recovery 	<ul style="list-style-type: none"> • 5% of Tranche A amount <ul style="list-style-type: none"> • At Ad Hoc Group's option, funded from first cash flow or by Ad Hoc Group, [but interest payment would be direct deduction from available recovery]
Coupon	<ul style="list-style-type: none"> • Tranche A: 5.25% cash interest • Tranche B: 7.00% PIK interest 	<ul style="list-style-type: none"> • Tranche A: Agreed • Tranche B: 7.00% PIK / 8.75% PIK to the extent not tax exempt
Tax Treatment		<ul style="list-style-type: none"> • Tranche A: Tax-exempt • Tranche B: Parties will work together in good faith to try to obtain tax-exempt status Tranche B, if possible; provided, however, that failure of such good faith effort to obtain tax-exempt status for Tranche B shall not constitute grounds for any party to terminate restructuring support in accordance with these terms

*Preliminary, Subject to Change.



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Counter to AHG Counter

Term	FOMB Counter to AHG	AHG Counter {7/20}
Call Protection	<ul style="list-style-type: none"> • Tranche A will be callable in 5 years at par plus unpaid accrued • Tranche B call to be mutually agreed upon 	<ul style="list-style-type: none"> • Tranche A will be callable in 10 years at par plus unpaid accrued • Tranche B: Agreed
Payment Default		<ul style="list-style-type: none"> • No default on either Tranche A or Tranche B bonds for failure to pay scheduled debt service, so long as full amount collected under the Transition Charge (minus Administrative Fees) is used to pay debt service • Transition Charge extends, and interest continues to accrue, until the later of (1) the date necessary to pay Tranche A in full, even if past their stated maturity, and (2) earlier of (i) the stated maturity of Tranche B, and (ii) the date on which Tranche B is paid in full
Remedies		<ul style="list-style-type: none"> • Remedies to be mutually agreeable to the parties and will include, at a minimum, right to replace the servicer and right to enforce trust agreement, servicing agreement, and non-impairment covenants • Agreed

*Preliminary, Subject to Change.



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Counter to AHG Counter

Term	FOMB Counter to AHG	AHG Counter (7/20)
Treatment Protections	<ul style="list-style-type: none"> • To be determined • MFN clause for deals struck with other legacy debt holders • MFN clause for deals struck with other legacy debt holders 	<ul style="list-style-type: none"> • To be mutually agreed upon <ul style="list-style-type: none"> ▪ MFN clause for deals struck with other legacy debt holders. AHG shall not object if other legacy debt holders (including fuel line lenders) receive the same treatment as AHG is receiving, so long as such treatment does not adversely affect AHG recoveries described herein
Securitization Protections		<ul style="list-style-type: none"> • To be determined • To be mutually agreed upon

*Preliminary, Subject to Change.



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Counter to AHG Counter

Term	FOMB Counter to AHG	AHG Counter (7/20)
Demand Protections	<ul style="list-style-type: none"> • Demand protection issues are generally of mutual concern • Specific protections to be mutually determined with input from experts within utility field 	<ul style="list-style-type: none"> • To be mutually agreed upon
Administrative Fees	<ul style="list-style-type: none"> • Terms, structure, and cap to be mutually agreeable to the parties • Reimbursement of Ad Hoc Group reasonable fees and expenses through effective date of transaction, with monthly reimbursement to begin upon execution of an RSA 	<ul style="list-style-type: none"> • Terms, structure, and cap to be mutually agreed upon • Reimbursement of Ad Hoc Group members' reasonable fees and expenses through effective date of transaction, with monthly reimbursement to begin upon execution of an RSA • In exchange for participation and waiver of claims unique to the issuance of Relending Bonds, AHG will receive waiver and support fee of Tranche A Bonds initially equal to 1.78% of par amount of AHG bonds as of July 1, 2018 (and accruing after July 1, 2018 at same rate as AHG Relending Bonds) • Additional support (and potential waiver) fee of Tranche A Bonds initially equal to 0.98% of par amount of total outstanding PREPA bonds (and accruing after July 1, 2018 at same rate as Relending Bonds), to be provided to RSA parties, including additional signatories, in manner to be mutually agreed upon
Implementation		<ul style="list-style-type: none"> • Timeline and implementation mechanics to be mutually agreed upon by the parties • Agreed

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Citi works with its clients in greenhouse gas intensive industries to evaluate emerging risks from climate change and, where appropriate, to mitigate those risks.

efficiency, renewable energy and mitigation